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NASA Procedural Requirements

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COMPLIANCE IS MANDATORY

Advances and Prepayments

Responsible Office: Office of the Chief Financial Officer

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Preface

P.1 Purpose

This NASA Procedural Requirements (NPR) provides the financial management requirements for advances and prepayments.

P.2 Applicability

This NPR is applicable to NASA Headquarters and NASA Centers, including Component Facilities and Technical and Service Support Centers. This language applies to the Jet Propulsion Laboratory (JPL), other contractors, grant recipients, or parties to agreements only to the extent specified or referenced in the appropriate contracts, grants, or agreements.

P.3 Authority

- a. Chief Financial Officers Act, as amended, Pub. L. No. 101-576, 104 Stat. 2838, (1990).
- b. NASA Policy Directive (NPD) 9010.2, Financial Management.

P.4 Applicable Documents and Forms

- a. National Aeronautics and Space Act, as amended, 51 U.S.C. §§ 20113(e) and 20142 (a).
- b. Pay Administration (General), Subpart (Subpt.) B, Advances in Pay, 5 Code of Federal Regulations (C.F.R.) Part (Pt.) 550.
- c. Paying for Travel Expenses, Federal Travel Regulation Pts. 301-51, 41 C.F.R. Chs. 300-304.
- d. Commercial Item Purchase Financing, Federal Acquisition Regulation (FAR), Subpt. 32.2, 48 C.F.R. Ch. 1.
- e. Advance Payments for Non-Commercial Items, FAR, Subpt. 32.4, 48 C.F.R. Ch. 1.
- f. Commercial Item Purchase Financing, NASA FAR Supplement (NFS), Subpt. 1832.2, 48 C.F.R. Ch. 18.
- g. Advance Payments for Non-Commercial Items, NFS, Subpt. 1832.4, 48 C.F.R. Ch. 18.
- h. Office of Management and Budget (OMB) Circular No. A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations, relocated to 2 C.F.R. Pt. 215.
- i. OMB Circular No. A-127, Financial Management Systems.
- j. Statement of Federal Financial Accounting Standards No.1, Accounting for Selected Assets and Liabilities.
- k. Treasury Financial Manual (TFM), Volume I, Pt. 6, Ch. 2000, Cash Advances under Federal Grant and Other Programs.

- l. NPD 3410.2, Employee and Organizational Development.
- m. NPR 3530.1, NASA Pay and Compensation Policy.
- n. NPR 5800.1, Grant and Cooperative Agreement Handbook, Part A.
- o. NPR 9010.2, Financial Management Operating Procedures and the Continuous Monitoring Program.
- p. NPR 9680.1, NASA's Management of Grants and Cooperative Agreements.
- q. NPR 9700.1, Travel.

P.5 Measurement/Verification

Quality assurance reviews and analysis of financial and budgetary reports and data submitted through the continuous monitoring program will be used to measure compliance with this NPR.

P.6 Cancellation

NPR 9050.2, Advances and Prepayments, dated September 30, 2008.

/S/

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Chapter 1. Advances and Prepayments

1.1 Overview

1.1.1 This chapter provides the National Aeronautics and Space Administration's (NASA) requirements for making and accounting for advances and prepayments to employees, other Federal Government agencies, and non-Federal Government organizations.

1.2 Agency Requirements

1.2.1 Advance payments to others shall only be made if the advance is authorized by a specific appropriation, law, or the President of the United States, as prescribed in 31 United States Code (U.S.C.) 3324. The Space Act, 51 U.S.C. § 20113(e), authorizes NASA to enter into and perform such contracts, leases, cooperative agreements, or other transactions without regard to 31 U.S.C. 3324, Subsections (a) and (b).

1.2.2 NASA shall report and account for advances and prepayments in accordance with the Statement of Federal Financial Accounting Standard (SFFAS) No. 1, and applicable Public Laws as codified in the U.S.C., Code of Federal Regulations (C.F.R.), Office of Management and Budget (OMB) Circulars, Department of Treasury (Treasury) policy and requirements, Federal Acquisition Regulation (FAR) requirements, and other governing authorities.

1.2.3 Advances include the following:

a. Travel.

(1) Travel advances may be issued to employees subject to the provisions of 5 U.S.C. 5705 and 41 C.F.R. Chs. 301-304, the Federal Travel Regulation (FTR). Although travel advances may be granted to employees, travel advances should be used minimally. NASA employees shall use the Government travel charge card in accordance with the FTR and NPR 9700.1, Travel.

(2) The provisions of 5 U.S.C. 5724 authorize the advancement of funds for travel and transportation expenses of employees who transfer in the interest of the Government from one official station or agency to another for permanent duty and career appointees who leave the Government and meet the criteria in Sections 5724(a)(3)(A) and 5724(a)(3)(B). NASA shall refer to the U.S.C. for the specific criteria and limitations in which agencies may pay from Government funds the travel and transportation expenses of employees who transfer or career appointees who leave the Government.

b. Advances in Pay. Federal agencies may provide for the advance payment of basic pay, covering not more than two pay periods, to any individual who is newly appointed to a position in the agency per 5 U.S.C. 5524a and 5 C.F.R. Pt. 550. NASA shall follow the requirements in NPR 3530.1, NASA Pay and Compensation Policy, in determining whether to approve an advance payment of basic pay.

c. Training. Training may be paid in advance. The Government Employees Training Act, 5 U.S.C. 4109, provides authority for advance training payments for expenses such as tuition, per diem, travel, and other expenses essential to training. In accordance with NPD 3410.2, Employee and Organizational Development, Section 1 (j)(1), repayment is required if the employee is under a continued service agreement and leaves NASA. Employees may also be responsible for reimbursing NASA for any training costs for courses that are not successfully completed due to withdrawal or to unsatisfactory grades (as defined in NPD 3410.2, Section 1(n)). The repayment of training costs

consists of the necessary expenses of the training, including travel and per diem costs, but not allocable salary or other compensation. NASA shall refer to 5 U.S.C. 4109 and NPD 3410.2 for additional information related to advance payments for training and conditions in which advance payment is required to be repaid.

d. Advances to Grant Recipients. Grant recipients may be paid in advance provided they meet the requirements of OMB Circular No. A-110, Section 22. Advances to grant recipients shall be limited to the minimum amounts needed and timed to be in accordance with the actual, immediate cash requirements of the recipient in carrying out the purpose of the approved program or project.

e. Letter of Credit. In TFM, Volume I, Part 6, Chapter 2000, Treasury prescribes the policies and instructions covering the use of letters of credit for advance payments. Additionally, NPR 9680.1 contains policy and requirements for the financial management and administration of letters of credit. The letter of credit method of financing shall be used by NASA for recipient organizations awarded grants or agreements with advance payment provisions provided recipient organizations adhere to Treasury regulations and NPR 9680.1. Also, NPR 5800.1, Grant and Cooperative Agreement Handbook, Part A, contains policies for the financial management and termination and enforcement of letters of credit.

f. Advances to Federal Agencies. Advances to Federal agencies shall be made pursuant to 31 U.S.C. 1535 and agreements between NASA (the customer) and other Federal agencies (the providers).

g. Advances for Contract Financing Payments. Contract financing payments are authorized Government disbursements of monies to contractors prior to acceptance of supplies or services by the Government and are authorized by specific contract clauses. Contract financing payments include advance payments as defined in the FAR. The provisions in 10 U.S.C. 2307 and 41 U.S.C. 255 provide the authority for agencies to make advance contract financing payments, and the terms and conditions that must be met before advance payments are made. Contract financing payments may also include advance payments reasonably related to launch services acquired by contract from domestic sources pursuant to 51 U.S.C. § 20142 (a). The FAR prescribes the policies and procedures for agencies to apply in using advance payments for contract financing. NASA shall refer to the FAR Subpts. 32.2 and 32.4 for policies and procedures for making advance payments on contracts. Additionally, the NFS Subpts. 1832.2 and 1832.4 contain additional advance payment requirements.

h. Small Business Concern. NASA may make advances to small business concerns under contracts for property or services. Advances for small business concerns shall be subject to the provisions of 10 U.S.C. 2307 and 41 U.S.C. 255 and may only be made if the contractor gives adequate security and after the NASA Administrator determines that to provide an advance would be in the public interest.

i. Advances for National Defense. Under 50 U.S.C. 1431, advance payments may be made on national defense contracts, amendments, or modifications for extraordinary contract actions and shall be subject to the requirements of law and the receipt of proper authorizations.

1.2.4 Recording Advances and Prepayments.

1.2.4.1 NASA shall record all accounting transactions in the integrated financial system.

1.2.4.2 Advances and prepayments paid out by NASA shall be recorded as assets in the appropriate U.S. Standard General Ledger (USSGL) accounts that have been established by the Treasury Financial Management Service. The USSGL accounts that are affected by each advance and prepayment related transaction and the applicable pro forma entries can be found at the Treasury Financial Management Service Web site.

1.2.4.3 Advances and prepayments made to other Federal agencies are intragovernmental transactions and shall be accounted for and reported separately from amounts made to the public.

1.2.4.4 Advances and prepayments paid out by NASA shall not be netted against advances and prepayments that NASA receives from others.

1.2.4.5 Generally, prepayments shall be recorded as assets; however, the following are exceptions when prepayments should be recorded as an expense as opposed to an asset.

- a. Prepayments that are immaterial amounts of less than \$500 a month shall be recorded as expenses.
- b. If the recipient of a prepayment will be delivering the goods or services within 30 days, the prepayment shall be recorded as an expense.

1.2.4.6 Documentation.

- a. Amounts recorded as advances and prepayments shall be supported by documentation that clearly shows the basis for the amount recorded and the terms upon which an advance or prepayment is to be made.
- b. Documentation shall be readily available for review by auditors.

1.2.5 Reconciliations and Verifications. To ensure the integrity of the data within the USSGL and the integrated financial system, there are various account relationships and reconciliations that must remain in balance at all times. NASA Headquarters has identified account relationships and reconciliations used to validate proper general ledger account postings in the Continuous Monitoring Program (CMP). Users shall refer to the CMP for detailed information on the account relationships, reconciliations, and other advance and prepayment control activities that must be executed on a monthly, quarterly, and yearly basis.

1.3 Roles and Responsibilities

1.3.1 The Agency Office of the Chief Financial Officer shall:

- a. Develop, maintain, issue, and interpret financial management policies for advances and prepayments.
- b. Coordinate and monitor the processes and systems used to process, record, and report advances and prepayments.
- c. Perform quality control reviews to confirm that controls are effective and processes are efficient. Additionally, ensure internal reviews are conducted.
- d. Review and monitor the CMP control activity data provided by NASA Centers and the NASA Shared Services Center (NSSC).

1.3.2 NASA Centers and NSSC shall:

- a. Follow applicable policies in accounting for advances and prepayments.
- b. Record advance and prepayment transactions timely, accurately, and in accordance with applicable Federal regulations and NASA's policies and procedures.
- c. Maintain complete financial records of all supporting documentation.
- d. Ensure all documentation is readily available for review by procurement personnel, auditors, and NASA Headquarters or Centers' financial management personnel.

- e. Ensure adequate internal controls are in place, which include employing controls that limit access to data that is electronically transmitted and establishing/maintaining appropriate separation of duties.
- f. Complete, in a timely manner, the advances and prepayments CMP control activities as identified in the CMP.

1.3.3 NASA Enterprise Applications Competency Center shall:

- a. Process, in a timely manner, all system requests relating to advances and prepayments.
- b. Ensure the financial management system provides timely, reliable, useful, complete, and consistent financial management information in accordance with OMB Circular No. A-127.

Appendix A. Definitions

Advances. Advances are cash outlays made by NASA to its employees, contractors, grantees, or others to cover a part or all of the recipient's anticipated expenses for the costs of goods and services NASA will acquire. Payments that are made in contemplation of the future receipt of goods, services, other assets, or the incurrence of expenditures are advances. Examples include travel advances disbursed to employees and cash or other assets disbursed under a contract, grant, or cooperative agreement before goods or services are provided by the contractor or grantee.

Prepayments. Prepayments are payments made by NASA to cover certain periodic expenses before those expenses are incurred. Prepayments are amounts paid for goods and services to provide for future benefits over a specified time period. They apply when it is a generally accepted industry practice to pay for items, such as rents, subscriptions, taxes, royalties, insurance, and maintenance agreements in advance of the good or service being provided and the prepayment is authorized by law.

Appendix B. Acronyms

CFO	Chief Financial Officer
C.F.R.	Code of Federal Regulation
CMP	Continuous Monitoring Program
FAR	Federal Acquisition Regulation
FTR	Federal Travel Regulation
NASA	National Aeronautics and Space Administration
NFS	NASA FAR Supplement
NPD	NASA Policy Directive
NPR	NASA Procedural Requirements
NSSC	NASA Shared Services Center
OMB	Office of Management and Budget
SFFAS	Statements of Federal Financial Accounting Standards
TFM	Treasury Financial Manual
U.S.C.	United States Code
USSGL	United States Standard General Ledger

Appendix C. References

C.1 5 U.S.C. 4109, Expenses of Training

C.2 5 U.S.C. 5524a, Advance Payments for New Appointees

C.3 5 U.S.C. 5705, Advancements and Deductions

C.4. 5 U.S.C. 5724, Travel and Transportation Expenses of Employees Transferred; Advancement of Funds; Reimbursement on Commuted Basis

C.5 10 U.S.C. 2307, Contract Financing

C.6 31 U.S.C. 1535, Agency Agreements

C.7 31 U.S.C. 3324, Advances

C.8 41 U.S.C. 255, Contract Financing

C.9 50 U.S.C. 1431, Authorization; official approval; Congressional action: notification of committees of certain proposed obligations, resolution of disapproval, continuity of session, computation of period

C.10 NPR 1441.1, NASA Records Retention Schedules